

Message Text

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73

ACTION EUR-25

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-03

INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

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FM AMEMBASSY BONN

TO SECSTATE WASHDC 4636

INFO AMCONSUL FRANKFURT

AMCONSUL HAMBURG

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E.O. 11652: N/A

TAGS: EFIN, GW

SUBJECT: VOLKSWAGEN INVESTMENT IN U.S.

SUMMARY: TODAY'S ISSUE OF THE GERMAN WEEKLY DER SPIEGEL CARRIES AN INTERVIEW WITH DR. LEIDING, CHAIRMAN OF THE BOARD OF MANAGEMENT OF VOLKSWAGEN, ON A VARIETY OF PROBLEMS VW IS FACING INCLUDING POSSIBLE PRODUCTION FACILITY IN THE U.S. END SUMMARY

1. DR. LEIDING IS QUOTED AS STATING THAT THE DECISION TO OPEN A US PLANT SHOULD HAVE BEEN MADE FIVE YEARS AGO. HE IS ALSO QUOTED AS SAYING THAT HE IS PERSONALLY COMMITTED TO THE OPENING OF A US PLANT BUT THAT A DEFINITE DECISION IN THE BOARD OF MANAGEMENT AND THE BOARD OF SUPERVISION HAS NOT BEEN MADE AS YET.

2. THE SPIEGEL INTERVIEWERS POINTED OUT THAT THERE IS STRONG OPPOSITION TO THE US PROJECT IN THE BOARD OF SUPERVISION FROM THE REPRESENTATIVES OF THE FRG AND THE STATE OF NIEDERSACHSEN WHICH ARE THE TWO LARGEST STOCKHOLDERS AS WELL AS FROM THE VICE CHAIRMAN OF THE

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BOARD OF SUPERVISION WHO IS PRESIDENT OF THE

METALWORKERS UNION. DR. LEIDING IS QUOTED AS REPLYING THAT THE DECISION WOULD HAVE TO BE MADE ON THE BASIS OF SOUND BUSINESS JUDGMENT WITHOUT REGARD TO INTEREST OF SPECIAL GROUPS.

3. WHEN ASKED WHAT HE WOULD DO IF THE BOARD OF SUPERVISION DID NOT ACCEPT HIS RECOMMENDATION TO OPEN A US PRODUCTION FACILITY, HE SAID HE WOULD CROSS THAT BRIDGE WHEN HE CAME TO IT.

4. THE VOLKSWAGEN BOARD OF SUPERVISION IS MEETING WITHIN THE NEXT FEW DAYS. EMBASSY REPRESENTATIVE WILL MEET WITH DR. RUST, CHAIRMAN OF THE VW BOARD OF SUPERVISION SEPT. 5 IN KASSEL TO GET HIS REACTION TO THE SPIEGEL ARTICLE AND HOPEFULLY AN INDICATION OF BOARD OF SUPERVISION LATEST THINKING ON THE SUBJECT.
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